

REGULAR ROSEAU CITY COUNCIL MEETING

MONDAY – April 4, 2022

Regular meeting at 5:00 P.M.

In person meeting

121 Center Street East Suite 201

Roseau, MN 56751

The Regular monthly meeting of the Roseau City Council was held on the above date, time, and place. Members present were, Mayor Dan Fabian, Councilmembers: Pat Novacek, Amy Bassingthwaite, Brady Johnson, and Mary Hayes. Absent: None. Other's present were City Superintendent David Drown, Fire Chief Leon Huot, Police Chief Ward Anderson, Liquor Store Manager Niki Johnson, City Attorney Michelle Moren, Clerk-Treasurer Beth Carlson, Roseau County Commissioner Jack Swanson, Keith Severson Park and Rec Director and City Residents Kory Meier and Amy Filpula. Mikaela Huot with BakerTilly was present via ZOOM meeting.

Mayor Dan Fabian called the meeting to order, and the Pledge of Allegiance was said.

Council member Amy Bassingthwaite motioned, Council member Mary Hayes seconded, and it was carried by unanimous vote to approve the March 7, 2022, regular meeting minutes as written.

Council member Brady Johnson motioned, Council member Pat Novacek seconded, and it was carried by unanimous vote to approve the following Consent Agenda pulling item 17 (Top CGMC Legislative Priorities for 2022) to discuss under Mayor/Council section of the meeting.

1. Presentation of Accounts Payable claims March 1, 2022, through March 31, 2022, Batch AP03312022.
CK# 71930-71956 = \$36,580.41.
2. Presentation of daily checks March 1, 2022, through March 31, 2022
CK# 71791-71929= \$337,486.45.
E# 2819-2856 = \$412,163.67.
PR 03/15/2022 = \$41,264.16
PR 03/31/2022 = \$50,606.11
Void Ck#68809,71854,71839,70562
3. Presentation of Receipt entries February 1, 2022, through February 28, 2022.
4. Presentation of Journal entries JE01312022.
5. Audit Committee review of January 2022 General Ledger checks written compared with images on the bank statement.
6. Notices and Communications –
Upcoming scheduled meetings:
 - a. May 2, 2022, Regular council meeting at 5:00 p.m.

Mayor
Dan Fabian

Council
Pat Novacek
Amy Bassingthwaite
Brady Johnson
Mary Hayes

City Attorney
Michelle E. Moren

Police Chief
Ward Anderson

Manager Liquor Store
Niki Johnson

City Clerk-Treasurer
Elizabeth Carlson

**Community
Development Coordinator**
Todd Peterson

City Superintendent
David Drown

7. Approve the use of alcohol in the Community Center-
 - a. DeMolee/Austad Wedding – June 4, 2022
 - b. Reese/Strand Wedding – July 9, 2022
 - c. Mellstrom/Laznicka Wedding – July 30, 2022
 - d. Braaten/Tangen Wedding – August 6, 2022
 - e. Dunham/Novacek Wedding – September 3, 2022
 - f. Maurstad/Weiland Wedding – September 24, 2022
8. Investment–Roseau EDA Hi Fi as of 03/24/2022 is \$82,465.56.
9. Cash in bank-Regular checking as of 03/24/2022 is \$1,863,771.79.
10. Investment-Regular Hi Fi as of 03/24/2022 is \$1,564,908.18.
11. Investment Certificate of Deposit as of 03/24/2022 is \$827,213.22
12. Investment Certificate of Deposit as of 03/24/2022 is \$821,247.66.
13. Investment Certificate of Deposit as of 03/24/2022 is \$822,966.60.
14. Investment Certificate of Deposit as of 03/24/2022 is \$814,197.68.
15. Investment-Roseau EDA Money Market as of 03/24/2022 is \$143,506.33.
16. Cash in bank-Roseau EDA as of 03/24/2022 is \$25.29.
17. LG240B Excluded Bingo – American Legion – Fair July 17-22, 2022
18. LG220 Application for Exempt Permit – American Legion – Bingo – 04/05/2022
19. LG220 Application for Exempt Permit – Ducks Unlimited – Raffle – 04/08/2022
20. LG220 Application for Exempt Permit – ALS Fundraiser – Raffle – 10/27/2022

Delegations/Petitions/Complaints

- Bob Tuttle from the Roseau Masonic Lodge emailed the City of Roseau requesting Council approval to host a drive-thru Mother’s Day meal on Sunday May 8, 2022. The Masonic Lodge plans to collaborate with the Roseau American Legion and is looking to serve parties/vehicles on 3.5 Street NW on the south side of the American Legion. They would be preparing to serve 350 people (BBQ pork/chicken and sides) with a start time of 11:00am to 2:00pm. Mr. Tuttle’s email stated that last year the Council did graciously approve this event, which was a great success for their organization. Mr. Tuttle once again respectfully requested Council approval for 2022. If approved the Roseau Masonic Lodge would collaborate with Superintendent Drown and Police Chief Anderson to make sure the event is properly coordinated.

Council member Pat Novacek motioned, Council member Amy Bassingthwaite seconded, and it was carried by unanimous vote to approve the Roseau Masonic Lodge drive-thru Mother’s Day meal on Sunday May 8, 2022. The Masonic Lodge will collaborate with the Roseau American Legion and serve parties/vehicles on 3.5 Street NW on the south side of the American Legion from 11:00 am. to 2:00 pm. and to collaborate with Superintendent Drown and Police Chief Anderson.

- City resident Amy Filpula informed council that several friends and neighbors who are over 55 are looking to downsize to transitional senior housing. They no longer need the space and/or want the upkeep of maintaining a house and yard, but do not need assisted living. If transitional senior housing were available for those over 55, (North Star and similar senior housing units are full) more single-family and starter homes would go on

the market which would help with the housing shortage in the City of Roseau. A 20-to-25-unit building would free up about that many homes.

Mayor Fabian and Council agreed that building transitional senior housing is a good idea but funding the construction of it is an issue, as each unit would currently cost an estimated \$170,000 to \$210,000 per unit.

Mayor Fabian stated housing itself is an issue and that this issue is not unique to Roseau and is one of the main topics discussed at the State Legislature.

Mayor Fabian and Council thanked Ms. Amy Filpula for bringing this issue before council. Council appreciates community discussing concerns and community involvement.

Mikaela Huot with BakerTilly entered the council meeting via ZOOM to discuss TIF and Tax abatement for the Aurora Meadows Apartment 72-unit, 2 building, Workforce Housing project. Optima, the developer for the project, currently projects a \$1.5 million gap between construction costs and available financing. Obtaining a State Workforce Housing Grant would satisfy the current gap, but the project being chosen for the grant is slim. The City is working to provide TIF and Tax Abatement on the project. Ms. Huot informed Council that should council chose to proceed, the following resolution would need to be approved and a public hearing would need to be set for the May 2, 2022, council meeting. CDC Peterson had provided proposed design highlighting phase 1 of the project and the cost analysis for 36 units of the proposed Aurora Meadows Apartment project.

EXTRACT OF MINUTES OF A MEETING
OF THE CITY COUNCIL OF THE
CITY OF ROSEAU, MINNESOTA

HELD: April 4, 2022

Pursuant to due call and notice thereof, a meeting of the City Council of the City of Roseau, Roseau County, Minnesota, was duly called and held at the City Center in said City on the 4th day of April 2022, at 5:00 p.m.

The following members were present: Mayor Dan Fabian, Council members Pat Novacek, Amy Bassingthwaite, Brady Johnson, Mary Hayes

and the following were absent: None

Member Pat Novacek introduced the following resolution and moved its adoption:

Resolution #22-22

RESOLUTION CONSENTING TO THE PROCESS FOR THE CREATION OF AN ECONOMIC DEVELOPMENT (WORKFORCE HOUSING) TAX INCREMENT FINANCING DISTRICT AND TAX ABATEMENT PROGRAM IN SUPPORT OF THE PROPOSED 72 UNIT MULTIFAMILY RENTAL HOUSING PROJECT.

BE IT RESOLVED by the City Council (the "Council") of the City of Roseau, Minnesota (the "City"), as follows:

WHEREAS, the City is a political subdivision duly organized and existing under the Constitution and laws of the State of Minnesota; and

WHEREAS, pursuant to the Constitution and laws of the State of Minnesota, particularly Minnesota Statutes, Sections 469.174 through 469.1799, as amended, the City is authorized to use tax increment financing to carry out the public purposes described therein and contemplated thereby; and

WHEREAS, pursuant to the Constitution and laws of the State of Minnesota, particularly Minnesota Statutes, Sections 469.1812 through 469.1815, as amended, the City is authorized to use tax abatement financing after the tax increment financing has expired to further carry out the public purposes described therein and contemplated thereby; and

WHEREAS, a proposal has been made by Optima Development (the "Developer") to construct two 36-unit apartment buildings in the City of Roseau, Minnesota, which project is to be known as the Aurora Meadows Apartments at 100% market-rate and no income restricted units (the "Project"); and

WHEREAS, the Developer will submit an application for the Project pursuant to the Minnesota Housing Finance Authority's Workforce Housing Development Program in order to obtain grant funding of up to \$2,000,000 that requires a local match of at least 50% of the funding request; and

WHEREAS, it is estimated that the tax increment and tax abatement generated from the proposed Project has a present value of approximately \$2,408,009 at 2.25% over a 24-year period; and

WHEREAS, the Developer has submitted its development proposal to the City and the City is supportive to the process of creating an economic development (workforce housing) tax increment financing district in support of the Project; and

WHEREAS, the Developer has also submitted its development proposal to the City and the City is supportive to the process of creating a tax abatement program to begin after the tax increment financing district has expired in further consideration of the Project; and

WHEREAS, the City wishes to support the Project and directs staff to work with the Developer to take the steps necessary to create a tax increment financing district and tax abatement program for the Project.

NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Roseau, Minnesota the City supports the Project, and pending final determination of project eligibility, required reviews, public input, notices and hearings, and without surrendering its legislative

discretion, hereby authorizes City staff to proceed with the steps required to establish a tax increment financing district and tax abatement program for the Project; and

BE IT FURTHER RESOLVED, that City staff, in connection with the activities required to be undertaken by the City, continue its analysis of the Project, and prepare a development plan, tax increment financing plan and tax abatement program for the Project, all subject to final determination of project eligibility, required reviews, public input notices and public hearings.

The motion for the adoption of the foregoing resolution was duly seconded by Council member Brady Johnson, and upon a vote being taken thereon, the following voted in favor thereof: Mayor Dan Fabian, Council members Pat Novacek, Amy Bassingthwaite, Brady Johnson, Mary Hayes.

and the following voted against the same: None

Whereupon said resolution was declared duly passed and adopted.

STATE OF MINNESOTA)

) ss.

COUNTY OF ROSEAU)

I, the undersigned, being the duly qualified and acting Clerk of the City of Roseau, Minnesota (the "City"), do hereby certify that attached hereto is a compared, true and correct copy of a resolution authorizing consenting to the process for the creation of an economic development (workforce housing) tax increment financing district and tax abatement program in support of a proposed multifamily rental housing project, duly adopted by the City Council of the City on April 4th, 2022, at a regular meeting thereof duly called and held, as on file and of record in my office, which resolution has not been amended, modified or rescinded since the date thereof, and is in full force and effect as of the date hereof, and that the attached Extract of Minutes as to the adoption of such resolution is a true and accurate account of the proceedings taken in passage thereof.

WITNESS My hand this 4th day of April, 2022.

- City resident Kory Meier presented to council a cleanup flyer with his contact information and requested support to keep litter and weeds cleaned up in the City of Roseau. Mr. Meier said currently he and others are cleaning and the expense of the gas to haul litter has been Mr. Meier's. Mr. Meier requested help with; the cost of the transportation of garbage; promoting recycling, encouraging volunteers, and the recycling of glass bottles. Mr. Meier stated that there is monetary value in aluminum and there should be in glass as well. County Commissioner Swanson stated that currently there is no place in northern Minnesota to bring the glass for recycling that is why Roseau County does not have glass bins for recycling. City Attorney Moren stated that the City cannot fund Mr. Meier directly but the City could donate to a club or nonprofit. City Superintendent Drown said the City Shop would supply garbage bags. Council member Brady Johnson will contact the school to see if the National Honor Society would receive credit points for community service hours for cleaning and will text Mr. Meier. Council thanked Mr. Meier for taking the initiative to start this project and suggested Mr. Meier come to the May 2 meeting to discuss what progress was made and what else can be done to keep the City of Roseau clean.

Committee Reports

Planning Commission – Did not meet

Roseau County Commissioner

Commissioner Jack Swanson stated that Mr. Kory Meier made good points about promoting cleaning and recycling in the City of Roseau and this should be promoted in Roseau County as well. Commissioner Swanson again stated that Roseau County cannot get rid of glass, so the County does not offer recycling bins for it.

Commissioner Swanson stated the Roseau County is holding a public hearing on two housing projects in Warroad. If the projects are not awarded workforce housing grants, the City of Warroad is working on Tax Abatement which the County will support. Commissioner Swanson indicated that the County will also support the tax abatement for the Aurora Meadows project when it comes before the County Board.

Commissioner Swanson informed council that the property tax bills have been sent out. The County Assessor has indicated that residential and agricultural property tax assessments increased 20%, while commercial property is decreased.

Operations Committee

No new business to report.

Oakcrest Golf Course

Council member Brady Johnson informed council that Alex Halstensgard started working on the golf course today and the spring meeting for Oakcrest Golf Club will be held in May.

Airport Committee

The Airport Committee did not meet.

- CDC Peterson had provided to council Resolution 21-22 for the Grant Agreement for Federal Airport Expenses Reimbursement up to \$22,000. Minnesota Agreement No.1049654. State Project No. A6801-C3. Mayor Fabian stated that this is ARPA from the FAA to reimburse eligible airport expenses at Local Government's airport.

Council member Amy Bassingthwaite motioned, Council member Mary Hayes seconded, and it carried by unanimous vote to approve Resolution 21-22 for the Grant Agreement for Federal Airport Expenses Reimbursement up to \$22,000. Minnesota Agreement No.1049654 and authorized its signing.

- CDC Peterson had also provided to Council a memorandum on the 2022-2026 Capital Improvements plan for the Roseau Airport. For the years of 2020, 2021 and 2022 the City has been repaying other airports for funds borrowed to undertake major projects over the past 3 years to reconstruct the hangar, terminal, fuel system, approach lighting and apron at the airport. Beginning in 2023 the City of Roseau will again have \$150,000 in FAA entitlement funding for improvements.

Council discussed rebuilding the T-Hangars and the current rate of rent. Council will wait for the Airport Committee to make recommendations.

EDA

CDC Peterson had provided to Council the EDA minutes from the March 30, 2022, meeting. Mayor Dan Fabian reviewed the meeting minutes and presented the following:

- Aurora Meadows apartment project has been re-sited to a new location on the NE side of Roseau, just north of the Roseau Electric Cooperative. The City is working on finalizing the requests for TIF and tax abatement on the project. Mayor Fabian also reviewed the proposed design and cost analysis of the Aurora Meadows Apartment project.
- Progress on the Eleven01 Apartments. Crews have completed the drywall, painting and lighting on the 3rd floor, drywall and taping on the 2nd floor and drywall on the 1st floor. Flooring and cabinets will be in this week. The original leasing date was July 1st but has been pushed back to August 1st due to a delay in obtaining the main electrical switchgear for the complex.
- The EDA still has not received a bill of sale from Frito-Lay on the storage buildings they want to turn over to the City/EDA. The lease is to be terminated at the end of April.
- The Fabtech (Dave Shaw) project may be pushed into next year as Mr. Shaw is having difficulty finding a contractor to construct the building this year.
- Roger Geroy has indicated that he is no longer interested in the lot adjacent to the Roseau Business Plaza when it was appraised at \$70,000, nor was Mr. Geroy interested in making a counteroffer. The EDA requests that the City Council advertise the property adjacent to the Roseau Business Plaza for sale on bids with the conditions that the property be developed within a certain timeframe or there is a buyback option by the City. It was noted that when the City sells the lot, the money will go to the EDA.

Council member Pat Novacek motioned, Council member Brady Johnson seconded, and it was approved by unanimous consent to advertise the property adjacent to the Roseau Business Plaza for sale on bids and to work with City Attorney Moren to set the conditions that the City reserves the right to reject any and all bids, that the property be developed within a certain timeframe or there is a buyback option by the City.

- The site for the Cobblestone Hotel proposal has been acquired by Citizens State Bank but there is a redemption period for some of the land that is delaying the progress of the project

Department Reports

Liquor Store

Liquor Store Manager Niki Johnson provided council the Liquor Store monthly sales report as well as a profit ratio report for the month of March 2022. Manager Johnson provided the profit ratio report to show the current profit margin of sales at the liquor store. Manager Johnson stated that there were price increases she didn't know were coming and had to go into the register system and adjust the increase on each item. Manager Johnson informed council that sales are good.

Manager Johnson stated that she would be taking a 12 week leave of absence this summer. After discussion, it was council consensus to have the Operations Committee meet to discuss how to temporarily fill Manager Johnson's position.

Manager Johnson requested approval to spend \$875 per year for unlimited tech support for the new POS system, versus the \$75 per hour rate. The \$875 was not budgeted. Manager Johnson stated that she has had to call for help finding reports, etc. Council member Bassingthwaite asked, as these are new registers, if there was a lump sum prepaid set up fee included in the purchase of these registers. Training to find reports should be part of the set up. Manager Johnson will look back at the invoice to see what was included with the purchase of the new POS system.

Manager Johnson informed council that there had been trouble with the beer cooler but that has been repaired.

Manager Johnson stated that there is space behind the register that could be utilized with more shelving. The school shop class will build the shelving unless the City Crew would do it. Superintendent Drown stated that the shop class should build the shelving.

Fire Department

Fire Chief Leon Huot informed council of the following:

- The county dispatch added an app called SafAlert a couple years ago to compliment the VHF pages.
This app has very inconsistent deliver times to the cell phones. (30s to 6 hours after the VHF pager notification comes through).

The county is doing a trial test of a new application called Active911. The Active911 app will not include a voice page embedded like VHF pagers or SafAlert, but can do a voice to text and more importantly has a mapping feature that can run on cell phones, tablet or computer.

The current computer-based mapping system used by the County Dispatch and Fire does not map within city limits.

So, Active911 app will be supplementary when dispatched out of city limits, but primary within city limits.

- Chief Huot also informed council that Fire Fighter 1 and Fire Fighter 2 training is going well. This involves 140 plus hours of training and testing the new firefighters need to complete.

Police Department

Police Chief Ward Anderson informed council that the water levels for flooding of the Roseau River have been a non-issue so far.

Superintendent

City Superintendent David Drown informed council on the following:

- Superintendent Drown asked for Council approval of a City of Roseau Application for Right-of-Way Excavation Permit. This permit would be required before excavation within the City limits could begin. This permit puts time limits on the projects as well as requirements on the finished project. City Attorney Moren has reviewed the permit. The City is not currently charging a permit fee, but all fees charged by a third-party locator will be invoiced to the permittee.

Council member Pat Novacek motioned, Council member Brady Johnson seconded, and it was approved by unanimous vote to approve the City of Roseau Application for Right-of-Way Excavation Permit.

- MPCA – PFAS Monitoring Plan Inclusion. Mayor Fabian received a letter informing the City of Roseau that the MPCA has developed a statewide PFAS monitoring plan to identify and quantify sources of per-and polyfluoroalkyl substances (PFAS) that the MPCA wants the City of Roseau to monitor at the City's expense. Mayor Dan Fabian stated that he had talked to Senator Johnson who is introducing a bill on the House floor today that would hold City's harmless in regard to the PFAS monitoring that the MPCA wants to impose on Minnesota cities. "Holding Cities harmless" means that the MPCA would have to pay for the cost of the monitoring and testing. The bill will still have to pass the House, Senate and be signed by the Governor.

Superintendent Drown stated that he has been sitting in on some of these meetings and the testing could be over \$1,600 per test in addition to employee hours, and it will take a full-time employee to do all of testing the MPCA is proposing.

Mayor Fabian stated that there is a meeting Wednesday with the Roseau River Watershed to discuss the drainage and storm water retention in the Oakcrest Estates new development, around the golf course and some current residential areas. It was discussed that there could be a “phosphate offset” by following criteria established by the Clean Waters Act for Phosphate reduction credits by engaging in water quality trading, but it may not be enough credits to make a difference.

- Park and Rec Director Keith Severson provided a written March/April update for council as he had to attend another meeting. Council discussed the following.

Arena

Superintendent Drown will contact Norwest Roofing to see when they will patch the arena roof. Norwest Roofing was supposed to patch it last fall.

North Rink remains open awaiting a summertime daily rate request from the Roseau Youth Hockey Board. Superintendent Drown will get the summertime daily rate to Roseau Youth Hockey Board. Superintendent Drown stated that the North Rink is their rink the City of Roseau just runs it, and the cost to run it with just the kilowatts and water, especially in the summer, is very high. Not only that, the compressors need to be overhauled every three years.

Park

The Nights of Lights group is planning an April cleanup of lights.

Mayor and Council asked City Superintendent Drown to relay to the City Crew the Councils appreciation for the fantastic job of removing snow from the City streets and trails this winter. Council member Novacek stated that the plow Gary Przekwas built worked great clearing the snow off the trails.

City Attorney

City Attorney Michelle Moren informed council on the following:

- The issue with the notification the railroad has been sending to the City of Roseau has been resolved as the railroad doesn't own the land it was requesting payment on.
- The Evangelical Church Annexation is complete. Moren Law Office is still working on the Vatsdal Annexation with MnDOT.
- Paul Sullivan sent a receipt of Acceptance by Minnesota Energy Resources of Ordinance No. 43 This receipt of acceptance must be signed by the City Clerk stating the City Council of Roseau MN has received the Acceptance.

Council member Brady Johnson motioned, Council member Pat Novacek seconded, and it was approved by unanimous vote to approve signing the receipt of acceptance by Minnesota Energy of Ordinance No. 43.

Community Development Coordinator

CDC Todd Peterson was absent.

Mayor and Council

Mayor Dan Fabian stated the Aurora Meadows Project – TIF and Tax abatement section was discussed earlier in the meeting.

Mayor Dan Fabian informed council that he will be presenting information on market rate housing at the Northwest Regional Development Commission which Mayor Fabian volunteered to be a part of.

Mayor Fabian is holding a meeting here next Monday morning at 7:30 to create a unifying message for Greater Minnesota Partnership and Greater Minnesota Cities. Scott McMann from Greater MN Housing Partnership will be speaking as well.

Top CGMC Legislative Priorities for 2022 (Moved from Consent Agenda to discuss LGA)

Mayor Fabian informed council that 7.1 percent of the City of Roseau’s budget comes from LGA. LGA hasn’t kept pace with inflation and city expenditures, yet at the same time, the share of the state general fund spent on LGA has decreased. Some Cities have asked that the formulas be changed as it is not fair across the board. Mayor Fabian stated that if you look closely at the current formula plus \$90 million versus the proposed formula plus the \$90 million the City of Roseau’s LGA is reduced significantly with the new formula. There are 98 cities that would receive less money with the new formula. Mayor Fabian stated that the Coalition of Greater Minnesota Cities supports the new formula, but it is a bad formula, and more work must be done on it.

There being no further business Council member Amy Bassingthwaite motioned to adjourn the meeting, seconded by Council member Brady Johnson, and approved by unanimous vote.

ATTEST:

Elizabeth Carlson, City Clerk-Treasurer

Mayor Dan Fabian

